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STATEMENT OF THE  
DIRECTOR OF CENTRAL INTELLIGENCE  
BEFORE THE SENATE ARMED SERVICES COMMITTEE  
FRIDAY, 19 MARCH 1982  
NFIP OVERVIEW

GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. I AM PLEASED TO HAVE THIS OPPORTUNITY TO APPEAR BEFORE YOU TO DESCRIBE THE NATIONAL FOREIGN INTELLIGENCE PROGRAM, TO OUTLINE BRIEFLY THE PROCESS BY WHICH OUR BUDGET REQUEST WAS FORMULATED, TO INVITE YOUR ATTENTION TO THAT REQUEST, AND TO DISCUSS SOME ISSUES OF LONG-TERM CONCERN FACING THE INTELLIGENCE COMMUNITY.

ONE OF THE FIRST THINGS WE DID AFTER I WAS NAMED DCI WAS TO TAKE STOCK OF WHERE WE STOOD WITH RESPECT TO OUR NATION'S INTELLIGENCE CAPABILITIES.

IN MARCH 1981 THE NATIONAL SECURITY COUNCIL ASKED US TO PREPARE AN ESTIMATE OF THE INTELLIGENCE CAPABILITIES THAT THE US WILL REQUIRE TO MEET THE CHALLENGES OF THIS DECADE. THE RESPONSE, KNOWN AS THE 1985 INTELLIGENCE CAPABILITIES STUDY, REPRESENTS ONE OF THE MOST COMPREHENSIVE AND THOROUGH PLANNING EFFORTS EVERY UNDERTAKEN BY THE INTELLIGENCE COMMUNITY. ALL PRODUCER AND CONSUMER ELEMENTS PARTICIPATED. THE STUDY WAS PRESENTED TO THE NATIONAL SECURITY COUNCIL IN DECEMBER 1981 AND APPROVED AS THE BLUEPRINT FOR BUILDING OUR INTELLIGENCE CAPABILITIES TO MEET THE NEEDS WHICH COULD BE FORSEEN FOR THE 1985-90 PERIOD.

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THE CHALLENGES FACING THE INTELLIGENCE COMMUNITY ARE INCREASING RAPIDLY IN TERMS OF COMPLEXITY AND COMPOSITION. OUR PRIMARY COLLECTION TARGET HAS BEEN, AND WILL CONTINUE TO BE, THE SOVIET UNION--ITS POLITICAL, MILITARY AND ECONOMIC POLICIES AND INTENTIONS AS WELL AS ITS MILITARY CAPABILITIES AND PLANS. TO BE TRULY RESPONSIVE, HOWEVER, WE MUST BE CONCERNED WITH MUCH MORE THAN THE SOVIET UNION. THE COMPOSITION OF LEGITIMATE INTERNATIONAL INTELLIGENCE COLLECTION HAS EXPANDED RAPIDLY TO INCLUDE POLITICAL, ECONOMIC, AND MILITARY TARGETS WORLDWIDE. INCREASING NUMBERS OF CRISES SUCH AS THOSE INVOLVING IRAN, AFGHANISTAN, AND EL SALVADOR, PLUS GROWING CONCERNS IN OTHER PARTS OF THE THIRD WORLD COMBINE TO SEVERELY STRESS OUR CURRENT CAPABILITIES. ONLY RECENTLY HAVE WE SEEN REAL GROWTH IN THE INTELLIGENCE BUDGET TO OFFSET THE STEEP DECLINES THAT BEGAN IN THE LATE 1960'S. WE ARE ONLY NOW BEGINNING TO REBUILD THE MANPOWER BASE THAT IS SO CRITICAL TO COLLECTION, PROCESSING AND PRODUCTION--A MANPOWER BASE THAT IN THE LATE 1970'S WAS ONE-HALF WHAT IT HAD BEEN IN THE LATE 1960'S.

THE 1985 INTELLIGENCE CAPABILITIES STUDY OUTLINES IN DETAIL OUR LONGER TERM CONCERNS. WE CANNOT MEET TOMORROW'S REQUIREMENTS WITH YESTERDAY'S CAPITAL AND MANPOWER RESOURCES. WE HAVE IDENTIFIED THE GAPS IN OUR CAPABILITIES AND ARE NOW IN THE PROCESS OF IDENTIFYING THE MOST COST EFFECTIVE SOLUTIONS.

HAVING ASSESSED WHERE WE STOOD WITH RESPECT TO CAPABILITIES, WE THEN SET ABOUT DECIDING WHERE WE SHOULD BE HEADED. WE SETTLED UPON THIRTEEN EXPLICIT GOALS TOWARD WHICH THE COMMUNITY MUST STRIVE. THEY ARE:

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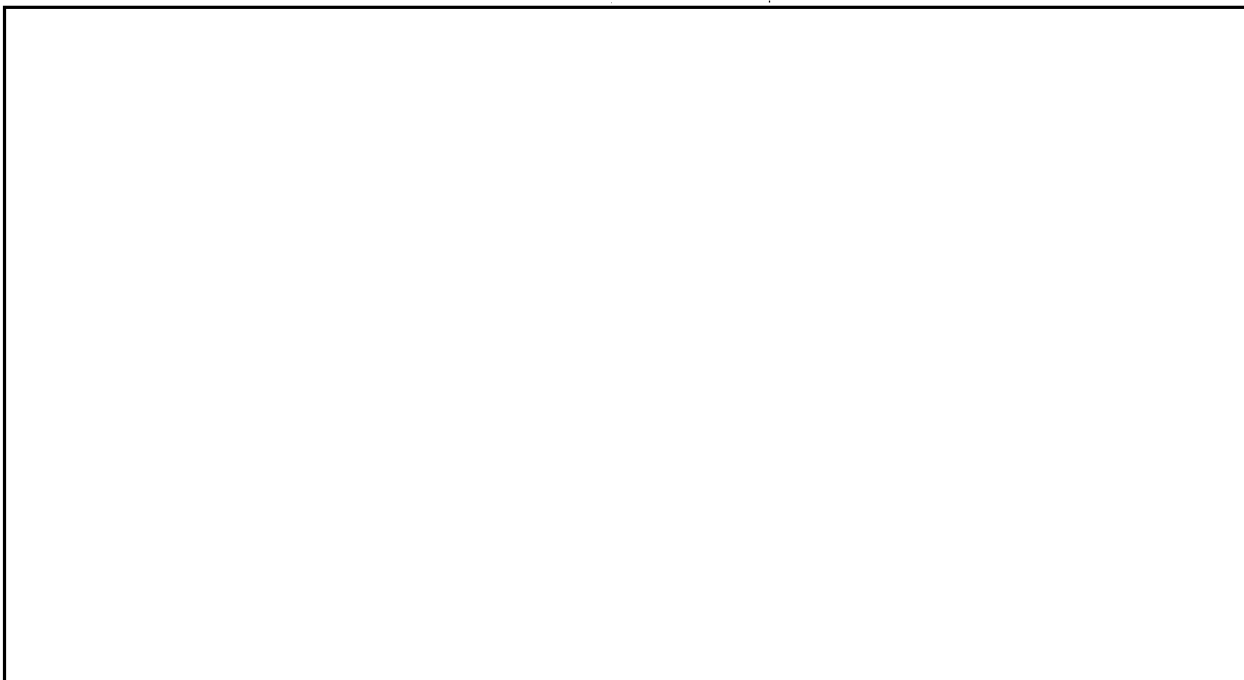
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A SET OF OBJECTIVES DESIGNED TO MOVE THE COMMUNITY IN THE DIRECTION OF ACHIEVING THE GOALS. THESE OBJECTIVES ARE ORGANIZED FUNCTIONALLY (i.e., FOR SIGINT, HUMINT, IMAGERY, OTHER COLLECTION, ANALYSTS, PRODUCTIVITY AND COMMUNICATIONS). EACH OBJECTIVE PROVIDES A BASIS FOR PROGRAM DEVELOPMENT. I BELIEVE THE GOALS AND OBJECTIVES ARE AN EFFECTIVE MANAGEMENT DEVICE WHICH, WHEN COMBINED WITH WHAT WE KNOW TO BE OUR CURRENT CAPABILITIES, GIVES US A FIRM FOUNDATION FOR THE COMMUNITY'S BUDGET REQUEST EACH YEAR.

AMONG THE DCI'S COMMUNITY RESPONSIBILITIES IS DEVELOPMENT OF THE ANNUAL CONSOLIDATED NATIONAL FOREIGN INTELLIGENCE PROGRAM BUDGET. THIS DOCUMENT IS PRESENTED EACH YEAR TO THE PRESIDENT AND REPRESENTS THE FUNDS REQUIRED BY THE COMMUNITY FOR ITS ACTIVITIES. THE NFIP IS ORGANIZED BY PROGRAM SO THAT SIMILAR ACTIVITIES CAN BE LINKED LOGICALLY. THE FIRST CHART SHOWS THE PROGRAMS THAT COMPRISE THE NFIP.

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o STATE DEPARTMENT'S BUREAU OF INTELLIGENCE AND RESEARCH, LIKE DIA AND CIA, PRODUCES ALL-SOURCE INTELLIGENCE.

o SMALL ELEMENTS WITHIN TREASURY AND ENERGY COORDINATE INTELLIGENCE FOR THOSE DEPARTMENTS AND THE INTELLIGENCE COMMUNITY STAFF COORDINATES PLANNING, BUDGETING AND CERTAIN COLLECTION ACTIVITIES ON MY BEHALF.

o THE FOREIGN COUNTERINTELLIGENCE ELEMENTS OF THE FEDERAL BUREAU OF INVESTIGATION AND THE DEPARTMENT OF DEFENSE AS WELL AS THE INTELLIGENCE ELEMENT OF THE CONTINUITY OF GOVERNMENT PROGRAM ROUND OUT THE NFIP.

TO INSURE THAT THE NATION GETS FULL VALUE FOR EACH DOLLAR INVESTED IN INTELLIGENCE--AND I BELIEVE IT TO BE MONEY WISELY SPENT--THE NATIONAL FOREIGN INTELLIGENCE PROGRAM BUDGET IS CAREFULLY COMPILED AND EXTENSIVELY DEBATED BEFORE IT IS PRESENTED TO CONGRESS FOR APPROVAL. OBVIOUSLY, TECHNICAL COLLECTION SYSTEMS WHICH ALLOW US TO [REDACTED] ACQUIRE IMAGERY FROM THE LARGE AREAS OF THE WORLD IN WHICH WE ARE DENIED MORE CONVENTIONAL FORMS OF OBSERVATION OR WHERE WE NEED ROUTINE AND RAPID SURVEILLANCE TO KEEP FROM BEING SURPRISED ARE ACCORDED HIGH PRIORITY IN THE DEVELOPMENT OF THE COMMUNITY BUDGET. I UNDERSTAND THAT [REDACTED] MANAGER FOR THE NATIONAL RECONNAISSANCE PROGRAM, GAVE YOU A FAIRLY DETAILED BREAKDOWN OF THE ACTIVITIES HE IS RESPONSIBLE FOR WHEN HE WAS HERE THE OTHER DAY, SO I SHALL NOT ATTEMPT TO GO OVER THE SAME GROUND. I WOULD LIKE TO POINT OUT TO YOU, HOWEVER, THAT YOU SHOULD KEEP IN MIND THAT IN ADDITION TO TECHNICAL SPACE SYSTEMS, THERE ARE OTHER CONSIDERABLY LESS EXPENSIVE ACTIVITIES THAT ARE ALSO ACCORDED A HIGH PRIORITY SUCH AS COLLECTION OF INTELLIGENCE FROM HUMAN SOURCES, BOTH OPEN AND CLANDESTINE. WHAT I WANT TO DESCRIBE FOR YOU TODAY IS THE PROCESS WE HAVE

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DEVELOPED FOR INTEGRATING THESE RELATIVELY EXPENSIVE AND INEXPENSIVE HIGH-PRIORITY ACTIVITIES WITH OTHER COLLECTION, PROCESSING, AND PRODUCTION PROJECTS IN A SYSTEMATIC WAY TO DEVELOP A CREDIBLE, EFFECTIVE, AND EFFICIENT COMMUNITY BUDGET.

PREPARATION OF THE BUDGET IS A JOINT PROCESS INVOLVING A NUMBER OF AGENCIES IN THE EXECUTIVE BRANCH. INITIALLY, THE COMPONENT PROGRAMS WITHIN THE NFIP DEVELOP THEIR BUDGETS UNDER THE AUSPICES OF THE DEPARTMENT OR AGENCY IN WHICH THE INTELLIGENCE ACTIVITY IS LODGED. FOR EXAMPLE, GDIP AND CCP BUDGETS ARE SUBJECT TO REVIEW BY THE SERVICE CHIEFS OF STAFF AND THE SECRETARY OF DEFENSE, THE STATE/INR BUDGET BY THE SECRETARY OF STATE, AND SO FORTH. ONCE THE NFIP COMPONENTS INTERNAL REVIEW IS COMPLETE, THE PROGRAMS SUBMIT THEIR REQUESTS TO ME AS DCI, FOR REVIEW. IN CONSULTATION WITH NFIP DEPARTMENT HEADS, I HAVE THE FINAL RESPONSIBILITY FOR STRUCTURING THE OVERALL NFIP REQUEST TO BEST MEET THE NATION'S INTELLIGENCE NEEDS. THIS REQUEST IS DEFENDED BEFORE OMB AND THE PRESIDENT, AND, ONCE APPROVED, IS INCORPORATED IN THE PRESIDENTIAL SUBMISSION TO CONGRESS.

TO PLACE THIS YEAR'S REQUEST IN HISTORICAL CONTEXT, CHARTS A AND B SHOW THE AMOUNT OF THE NFIP BUDGET SINCE 1964. AS SHOWN IN CHART A, FUNDS IN THE

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NFIP BUDGET REACHED A PEAK IN THE LATE 1960'S AS PART OF THE VIETNAM BUILDUP, AND DECLINED SHARPLY--BY MORE THAN A THIRD--THROUGH 1980. IN FY 1981, THE DOWNWARD TREND WAS REVERSED, AND THE FY 1983 REQUEST CONTINUES TO RESTORE CAPABILITIES LOST IN THE LAST DECADE. CHART B SHOWS SIMILAR, BUT MORE SEVERE DRAWDOWNS IN NFIP MANPOWER IN 1970'S, REACHING A LOW POINT IN FY 1979 THAT WAS ABOUT HALF OF WHAT IT HAD BEEN TEN YEARS EARLIER. THE FY 1983 REQUEST CONTINUES MODEST GROWTH IN MANPOWER EXPERIENCE OVER THE LAST TWO YEARS BUT STILL LEAVES US FAR SHORT OF THE RELATIVELY CONSTANT LEVELS OF THE EARLY 1960'S.

LOOKING MORE CLOSELY AT THE FY 1983 BUDGET REQUEST, CHARTS C AND D SHOW HOW THE TOTAL NFIP RESOURCES ARE DISTRIBUTED AMONG THE MAJOR FUNCTIONAL CATEGORIES, AND DIRECTED AGAINST GEOGRAPHIC TARGETS. AS SHOWN IN CHART C, THE

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THE FY 1983 REQUEST PERMITS IMPROVEMENTS IN ALL OF THESE COLLECTION AREAS,

IMPROVE OUR HUMAN SOURCE COLLECTION AGAINST BOTH TRADITIONAL TARGETS AND THE EVER-INCREASING THREAT OF CRISES IN THE THIRD WORLD. IN THE PROCESSING AND PRODUCTION ARENA, THE FY 1983 BUDGET EMPHASIZES UPGRADING OF THE COMMUNITY'S CAPABILITIES TO EXPLOIT MORE FULLY THE ADDITIONAL INFORMATION THAT WE EXPECT TO COLLECT AND TO PROVIDE MORE TIMELY REPORTING OF FINISHED INTELLIGENCE TO POLICYMAKERS.

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THE OTHER MAJOR CATEGORY IN CHART C, GENERAL SUPPORT, REPRESENTS [REDACTED]

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[REDACTED] OF THE FY 1983 BUDGET REQUEST. ACTIVITIES INCLUDED HERE ARE TRAINING, TELECOMMUNICATIONS, R&D, ADP SUPPORT, LOGISTICS, ADMINISTRATIVE SUPPORT, AND HEADQUARTERS MANAGEMENT. IN THE PAST, TIGHT BUDGETS HAVE TAKEN A TOLL ON OUR GENERAL SUPPORT CAPABILITIES, AND THE FY 1983 REQUEST REPRESENTS OUR PLAN TO REBUILD AND TO BEGIN MOVING AHEAD IN ANTICIPATION OF SUPPORT NEEDS FOR THE LATE 1980'S. [REDACTED]

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CHART D SHOWS HOW WE PLAN TO ALLOCATE THE FUNDS REQUESTED IN THE FY1983 BUDGET TO INTELLIGENCE TARGETS. NOT SURPRISINGLY, [REDACTED] OUR RESOURCES WILL CONTINUE TO BE DIRECTED AT OUR GREATEST THREAT--THE SOVIET UNION. HOWEVER, FUNDS IN THE FY 1983 REQUEST WILL ALSO IMPROVE OUR COVERAGE OF REGIONS AND TOPICS LONG IGNORED OR GIVEN MINIMAL ATTENTION, INCLUDING THE THIRD WORLD, NARCOTICS, TERRORISM, AND SOVIET INVOLVEMENT IN AND USE OF THIRD WORLD SURROGATES.

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FINALLY, WHEN ALLOCATED BY PROGRAM, THE NFIP BUDGET FOR FY 1983 IS AS PORTRAYED IN CHART E.

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A CRITICAL ISSUE THAT HAS BEEN IDENTIFIED OVER AND ABOVE SYSTEM AND HARDWARE NEEDS CONCERNS THE QUANTITY AND QUALITY OF MANPOWER AVAILABLE. THE DECADE OF THE 1970'S SAW A MAJOR DRAWDOWN OF PERSONNEL THROUGHOUT THE INTELLIGENCE COMMUNITY AT A TIME WHEN IT WAS BEING CALLED UPON TO PROVIDE SUPPORT ON A BROADER RANGE OF ISSUES OF INCREASING COMPLEXITY. AT THE SAME TIME THE INVESTMENT IN TRAVEL AND TRAINING NECESSARY TO MAINTAIN THE SKILLS OF THE COMMUNITY'S PERSONNEL WAS BEING CURTAILED IN A SQUEEZE BETWEEN BUDGETARY CONSTRAINT AND THE ESCALATING COSTS OF MORE COMPLEX TECHNICAL COLLECTION SYSTEMS. AS A RESULT, OUR ANALYTICAL RESOURCES HAVE BEEN STRETCHED THIN, OUR HUMAN COLLECTION POTENTIAL JEOPARDIZED, AND OUR IN-HOUSE RESEARCH AND DEVELOPMENT CAPABILITIES WEAKENED.

THE INCREASING MANPOWER CEILINGS OF THE PAST SEVERAL YEARS HAVE SERVED TO EMPHASIZE THE COMMUNITY'S PROBLEMS IN RECRUITING AND RETAINING THE NECESSARY COMPLEMENT OF SKILLED PERSONNEL. FOR SOME TIME, THE COLLEGES AND UNIVERSITIES HAVE NOT PRODUCED A SUFFICIENT NUMBER OF GRADUATES WITH THE SKILLS REQUIRED BY THE COMMUNITY. THE HIRING FREEZES OF THE PAST DECADE HAVE GENERATED A PERCEPTION AMONG UNDERGRADUATES THAT A CAREER IN INTELLIGENCE IS NO LONGER VIABLE. THE PRIVATE SECTOR IS COMPETING AGGRESSIVELY FOR THE SAME SKILLS DEMANDED BY THE COMMUNITY; IT FREQUENTLY CAN OFFER MORE IN TERMS OF HIGHER SALARIES AND A BROADER RANGE OF CAREER ENHANCING REWARDS.

THERE PROBABLY IS NO ISSUE MORE CRITICAL TO THE LONG-TERM WELL BEING OF THE INTELLIGENCE COMMUNITY THAN THAT OF RECRUITING AND RETAINING THE SKILLED MANPOWER IT REQUIRES. THIS WILL NECESSITATE AN INCREASE IN THE RESOURCES DEVOTED TO RECRUITING AS WELL AS TO TRAINING IN THOSE SKILLS

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INADEQUATELY DEVELOPED IN THE UNIVERSITIES. IT WILL REQUIRE INCREASED RESOURCES TO PROVIDE BOTH INTANGIBLE AND MONETARY INDUCEMENTS TO RECRUIT AND RETAIN CRITICAL SKILLS. IT ALSO WILL MEAN GREATER ATTENTION TO THE MAINTENANCE AND ENHANCEMENT OF THE SKILLS OF THOSE ALREADY EMPLOYED BY THE COMMUNITY. FINALLY, THE COMMUNITY MUST ATTEND TO THE PROCESS OF REESTABLISHING THE CLOSE TIES THAT ONCE EXISTED BETWEEN IT AND THE ACADEMIC COMMUNITY.

MR. CHAIRMAN, AS I REPORTED TO YOU IN MY FIRST ANNUAL REPORT AS DCI, I LOOK BACK ON THE PAST YEAR SATISFIED THAT, WITH THE CONGRESS'S ENCOURAGEMENT AND SUPPORT, MANY OF MY NEAR TERM OBJECTIVES ARE BEING REALIZED AND THE FOUNDATION FOR ACHIEVING LONGER TERM GOALS HAS BEEN ESTABLISHED. THE INTELLIGENCE COMMUNITY HAS FOR TOO LONG BEEN VICTIMIZED BY BUDGETARY AND MANPOWER RESTRAINTS. ITS CAPABILITIES HAVE BEEN IMPAIRED: ITS REPUTATION FOR SECURITY AND RELIABILITY JEOPARDIZED. WE NEED YOUR HELP IN REVERSING THE ADVERSE IMPACT OF PAST POLICIES AND PRACTICES ON OUR NATIONAL SECURITY. WE HAVE BEEN PLEASED WITH THE COOPERATION EXTENDED BY THE CONGRESS. BUT MUCH MORE REMAINS TO BE DONE. I HOPE THAT AS A RESULT OF MY APPEARANCE HERE TODAY YOU WILL SHARE WITH ME THE CONVICTION THAT THE NATION'S INTELLIGENCE CAPABILITY NEEDS UPGRADING. IT IS A MATTER OF HIGHEST PRIORITY IN THIS ADMINISTRATION. REGAINING OUR EYES AND EARS IN ALL PARTS OF THE WORLD IS ESSENTIAL. IT IS AN INTEGRAL PART OF THE STRENGTHENED DEFENSE TO WHICH PRESIDENT REAGAN AND HIS ADMINISTRATION IS COMMITTED. I AM SURE THAT THIS COMMITTEE IS AT THE FOREFRONT OF THOSE SENSITIVE TO THE NEEDS OF THE INTELLIGENCE COMMUNITY. I URGENTLY SOLICIT YOUR ENTHUSIASTIC SUPPORT.

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